



Bozeman Public Schools
404 West Main, P.O. Box 520
Bozeman, MT 59771-0520
www.bsd7.org

Steven D. Johnson
Deputy Superintendent Operations
Voice: (406) 522-6042
Fax: (406) 522-6050
steve.johnson@bsd7.org

EXHIBIT 1
DATE 2/11/2013
SB 32

February 4, 2013

Chair Hanson and House Education Committee Members:

RE: SB 32 Use of Interest Earnings on Student Extracurricular Accounts

Thank you for addressing the issue of investment of and interest earned on Student Extracurricular Funds.

The request is to change 20-9-504 MCA to clearly allow excess cash in the Student Extracurricular Accounts to be invested in a manner similar to public school funds pursuant to 20-9-213 MCA. SB 32 allows any interest earned as a result of these investments to be credited to a general operating account within the Student Extracurricular Fund and be used to pay a portion of the expenses incurred to administer the Student Extracurricular Funds or be prorated back to the individual student accounts.

In Bozeman we operate 149 separate accounts on behalf of our students. The total annual revenues and expenditures of these accounts exceed \$1.3 million. Needless to say there are thousands of transactions that require bookkeeping time to assure they are properly documented and accounted for. In addition to the personnel time, there is computer software maintenance, postage, supply expenses for paper, receipts, checks, printer cartridges etc. Currently all of those expenses for operating the student extracurricular accounts are paid from the District General Fund.

We monitor and limit the allowable year-end balance in the student accounts but even with that oversight the ending balances are substantial. The reason for the balances is that student groups plan and save for special events. For example, athletic clubs may save up for uniform purchases or the Robotics Club may be saving to purchase a special piece of equipment or the yearbook club has a balance because they have sold the yearbooks but they have not been delivered and billed. At the end of June 2012 the cumulative balance in our 149 Student Extracurricular Accounts was over \$250,000.

In our case the interest earned on the investment of available student account cash would not come close to paying the total costs of administering the accounts. We have earned an average of around \$1,350 per year over the last four years. Our investments are primarily in the State Short Term Investment Pool (STIP) and an occasional local bank CD.

Thank you for your favorable consideration of this Bill.

Sincerely,

Steven D. Johnson, Deputy Superintendent Operations